

VZCZCXRO7410
PP RUEHBC RUEHDE RUEHIHL RUEHKUK
DE RUEHGB #0546/01 0620332
ZNY CCCCC ZZH
P 030332Z MAR 09 ZDK
FM AMEMBASSY BAGHDAD
TO RUEHC/SECSTATE WASHDC PRIORITY 1956
INFO RUCNRAQ/IRAQ COLLECTIVE PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 000546

SIPDIS

E.O. 12958: DECL: 03/02/2014
TAGS: [ECON](#) [PREF](#) [EAID](#) [ETRD](#) [IZ](#) [PINR](#)
SUBJECT: PRT SALAH AD DIN: PROVINCIAL INVESTMENT COMMISSION
DEMONSTRATES INCREASING CAPACITY

REF: A. 09BAGHDAD412 B. 09BAGHDAD357 C. 08BAGHDAD3540

Classified By: Classified by PRT Salah ad Din Team Leader Richard Bell; reason 1.4 (b) and (d).

¶1. (U) This is a PRT Salah ad Din reporting cable.

¶2. (C) SUMMARY: In recent months, the Salah al-Din (SaD) Provincial Investment Commission (PIC) has improved its working relationship with the National Investment Commission (NIC) and committed itself to a rigorous campaign of outreach to potential investors in each of the provincial qadas (districts). The improved communication with Baghdad has led to progress on at least two major investment projects. The PIC's ability to attract investment remains constrained, however, by the bureaucratic inefficiency of the land registration process and problems stemming from the provisions of the 2006 National Investment Law. PIC leaders continue to express frustration with the National Government and cite the continuing lack of a NIC chairman as a prime example. a. Biographic information on the leadership of the SaD PIC is included in paragraphs 10-12. END SUMMARY.

(C) Links With Baghdad Improved But Still Problematic

¶3. (C) Over the past six months, leaders of the SaD PIC, Chairman Jowhar Hamad al-Fahal and Deputy Chairman Tami Saab Mosharaf, have improved their working relations with the National Investment Commission (NIC) and other leaders in Baghdad. In November, the PIC leadership held a cordial meeting with NIC Director General Ahmed al-Zubaidy in connection with Deputy Prime Minister Rafi al-Issawi's visit to Tikrit. Following this meeting, the PIC leadership began communicating directly with the NIC, instead of relying on the PRT's ability to pass messages or facilitate travel to Baghdad. In the last two months, Jowhar has visited Baghdad several times to meet with relevant ministries and business leaders.

¶4. (C) PIC leaders believe the increased connectivity has led to ministerial approvals for several of the PIC's projects, including the resolution of an inter-ministerial land dispute that had long delayed progress on the Tikrit airport, and rapid approval for the mobile filling stations project (ref A). The PIC leaders credit their improved relations with the GOI to (a) security improvements that have allowed them greater access to Baghdad, and (b) the departure of former NIC Chairman Ahmad Ridha, whom they regarded as unresponsive and incompetent.

(U) SaD PIC Still Not Officially Appointed

¶5. (C) Despite these improvements, the PIC leaders still complain that they receive little assistance from the Government of Iraq (GOI). Most importantly, they note their lack of official appointment letters from the Prime Minister's office (Comment: We understand that the majority of the PICs still lack their official appointments. End

Comment.) According to Jowhar, without the appointment letter, all PIC expenditures must be directly approved by the SaD Governor, something he views as an unnecessary inconvenience. It is also notable that PIC sources believe Governor Hamad Hamoud al-Shakti used his authority to reallocate 25 percent of the PIC's 2007 budget for other purposes.

(U) Reaching Out to Local and Expat Business Leaders

¶16. (C) After months of ineffective efforts to attract Lebanese and Turkish firms for investment projects in SaD, the PIC has begun to refocus its efforts on local businessmen and Iraqi expatriates. With PRT encouragement, the PIC has planned a series of investment outreach meetings in each of the eight qadas with the objective of connecting wealthy individuals with private banking facilities and worthy investment projects (ref C). The PIC hopes to stimulate foreign investment by nurturing Iraqi owned and funded business endeavors.

¶17. (C) The first investment outreach meeting took place in Bayji on February 14 between qada leadership and local businessmen for a discussion on how the PIC can assist their efforts in private sector development projects. Further meetings are planned for Balad and Samarra. (Comment:: These meetings would not have been possible without the rapid improvements in security. The PIC leadership had expressed misgivings about traveling to other qadas as recently as August 2008. End Comment.) The PIC has also made overtures to Amman and Cairo based SaD expatriates to encourage them to

BAGHDAD 00000546 002 OF 002

invest in the province.

(C) Land Allocation Stifles Investment Projects

¶18. (C) The PIC leadership's most frequent complaints are that the National Government is a consistent obstacle to investment projects in SaD and that the 2006 National Investment Law offers inadequate guarantees for foreign investors. Jowhar pointed out that investors were consistently concerned over the lack of clarity in land registration, and stated that the Ministries of Finance and Municipalities control 85 percent and 10 percent of all land in SaD respectively, and the process for utilizing this GOI controlled property was byzantine in its complexity. Jowhar has said repeatedly that the national ministries often fail to issue approvals in a timely manner; he claims the GOI has refused to take up consideration of land allocation for several real-estate projects in Tikrit and an olive-oil plant outside Bayji.

(U) Comment

¶19. (C) SaD PIC leadership has made substantial progress in the last several months in developing a more viable strategy for attracting investors in SaD. This rapid improvement in capacity is notable given the PIC's lack of business experience (please see biographic notes in paras. 10 to 12 below). PRT will continue to assist SaD PIC leadership by ensuring that it continues to develop strong relationships with the local business community and with the relevant national authorities. Unleashing the power of the private sector in SaD, however, will require meaningful progress on the broader issue of land registration. the problems surrounding land registry allocation.

(U) Biographic Notes on SaD PIC Leaders

¶10. (C) Chairman Jowhar Hamad al-Fahal (Date of Birth: July

1, 1956): Jowhar al-Fahal has served as the commissioner of the SaD PIC since its inception in 2007. He also serves as Chairman of the SaD Deba'athification Committee and is closely linked with the al-Alam based political elite of the Jaboor tribe that has dominated SaD politics since the 2005 provincial elections. While he is the brother-in-law of Deputy Governor Abdullah Hussein Jebara al-Jabouri, he has also been privately very critical of the Deputy Governor's handling of investment projects and tolerance of corruption in the provincial government. Jowhar is also a close political ally of his nephew, Iraqi Police Anti-terrorist Unit Commander and local security strongman, Major Ahmad al-Fahal.

¶11. (C) During the Saddam Era, Jowhar worked in an unspecified security-related job in the Presidential Department (Diwan al-Ri'aasah) and, according to some local sources, served under General Ali Hassan al-Majid ("Chemical Ali") during the invasion of Kuwait. Subsequently, he was jailed for five years for participating in what he describes as a failed plot against Saddam Hussein. Another PRT contact from the banking industry, who claims to have been Jowhar's contemporary in Saddam's security forces, has described the reasons for Jowhar's imprisonment as primarily for misallocating and embezzling government funds. As PIC commissioner, Jowhar has been a vocal critic of former National Investment Commissioner Ahmad Ridha. Jowhar understands basic English, but prefers Arabic.

¶12. (C) Deputy Chairman Tami Saab Mosheraf al-Jabouri: Tami was born in al-Hajjaj village south of Bayji. During the Saddam Era, he served as a Lieutenant Colonel in the Iraqi Army and as an instructor at the Army Staff College in QArmy and as an instructor at the Army Staff College in Baghdad. In the early 1980s, Tami completed an educational exchange with the Royal Military Academy Sandhurst in the United Kingdom, where he learned English. Between 2003 and 2008, he served as an interpreter at MND-N G9.
BUTENIS